

**INTERNAL REVENUE CODE-RELATED OIL POLLUTION LIABILITY AND COMPENSATION PROVISIONS OF H.R. 1465  
AS PASSED BY THE HOUSE AND SENATE**

ITEM	PRESENT LAW	HOUSE BILL	SENATE AMENDMENT
1. Definition of Fund (sec. 1001(10) of the House bill and sec. 101(11) of the Senate amendment)	The Internal Revenue Code contains the "Oil Spill Liability Trust Fund" (Code sec. 9509).	"Fund" means the "Oil Spill Liability Trust Fund" in the Internal Revenue Code of 1986.	A separate "Oil Spill Compensation Fund" is established. The present Internal Revenue Code "Trust Fund" is also retained. Requires the Secretary of the Treasury to transfer monies from the Code Trust Fund to the newly-created compensation fund on request to finance the newly-created compensation fund's activities.
2. Limit on Borrowing by the Fund (sec. 103(c) of the Senate amendment)	The Trust Fund is authorized to borrow from the Treasury. There is a \$500 million aggregate borrowing limitation.	No provision	Overrides the Code to raise borrowing limit to \$1 billion per incident.
3. Expenditure Purposes and Limitations			<p>Provides additional expenditure purposes and generally higher liability limitations by amending the FWPCA and the IHSA and by adding separate, new expenditure purposes. Does not expressly amend the Trust Fund expenditure purpose provisions of the Code.</p> <p>The Code permits the Trust Fund to make expenditures only for (1) certain removal expenses under the Federal Water Pollution Control Act ("FWPCA") and the Intervention on the High Seas Act ("IHSA") and (2) certain removal costs, payment of claims, and administrative expenses as provided in authorizing legislation that must be substantially identical to specified legislation passed previously by the House of Representatives. (Neither the House bill nor the Senate amendment has been determined to be substantially identical to such legislation.) Code references to the FWPCA and IHSA are not restricted to those Acts as in existence when the Trust Fund was enacted.</p>

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b. Fund expenditure limit (sec. 103(b) of the Senate amendment)	<p>The Code provides a \$500 million per incident Trust Fund expenditure limit, with a separate \$250 million per incident limit on natural resource damages payments.</p>	<p>No provision.</p>	<p>Raises the per-incident expenditure limit to \$1 billion, with no separate limit on natural resource damages payments, but does not expressly amend the Code Trust Fund expenditure limitation provisions.</p>
c. Expenditures relating to the State of Alaska and the Trans-Alaska Pipeline System ("TAPS") (sec. 8102(f) of the House bill and sec. 356 and 512 of the Senate amendment)	<p>The Code does not authorize Trust Fund expenditures for studies, task forces, navigation lights, or electronic tracking systems, specifically pertaining to the State of Alaska.</p>	<p>Monies in the Trust Fund are to be available to:</p> <ul style="list-style-type: none"> <li>(1) finance Federal (up to \$5 million annually) and State of Alaska (up to \$2 million annually) studies to monitor and enforce compliance with applicable safety, health, and environmental standards; and</li> <li>(2) pay reasonable costs (up to \$5 million annually) of the Presidential Task Force and TAPS audit.</li> </ul>	<p>Directs that the newly-created compensation fund be available without fiscal year limitation for the establishment and operation of Bligh Reef navigation light and the expansion and operation of the Prince William Sound electronic tracking system. In addition, \$5 million would be available upon the date of enactment and \$2 million for each of the following nine fiscal years for the Prince William Sound Oil Spill Recovery Institute.</p>

**4. Deposits of Certain Additional Amounts into the Fund**

a. Deposit of excess natural resource damages (sec. 1006(f) of the House bill and sec. 102(d)(1) of the Senate amendment)

The Code appropriates to the 'Trust Fund' (1) the environmental tax on petroleum, (2) amounts recovered, collected or received in appropriate authorizing legislation (which has not been determined to include the House bill or the Senate amendment), and (3) amounts that were remaining, as of January 1, 1990, in the Deepwater Port Liability Fund established by the Deepwater Port Act of 1974 and the Offshore Oil Pollution Compensation Fund under the Outercontinental Shelf Lands Act Amendments of 1978. No excess natural resource damages are deposited in the Trust Fund.

**b. Deposit of penalties**

(1) Deposit of civil penalty for discharges that result in damages to resources that cannot be replaced (sec. 1006(g)(4) of the House bill)

No penalties for such discharges are deposited in the Trust Fund.

Sums recovered for damages to natural resources in excess of those required to reimburse costs with respect to the damaged natural resources are to be deposited in the Trust Fund.

(2) Deposit of penalties under the FWPCA (sec. 4302 of the House bill)

No penalties under such Act are deposited in the Trust Fund.

Provides for deposit to the Trust Fund of a newly established civil penalty (not to exceed the greater of \$1 million or half the responsible party's liability) if a discharge results in damages to natural resources that cannot be restored or replaced.

(3) Deposit of civil penalty pertaining to TAPS (sec. 8202 of the House bill)

No penalties pertaining to TAPS are deposited in the Trust Fund.

Sums recovered for damages to natural resources must be used to restore, replace or acquire equivalent natural resources.

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5. Modifications to the TAPS Fund (sec. 8102 of the House bill and sec. 401(b) of the Senate amendment)	<p>The TAPS Fund was established by the Trans-Alaska Pipeline System Authorization Act. It was not incorporated into the Code Trust Fund provisions.</p> <p>After the trustees of the TAPS Fund have certified that all outstanding claims against the TAPS Fund have been resolved, the unobligated balance of the TAPS Fund may be deposited in the Trust Fund. If the unobligated balance of the TAPS Fund is deposited in the Trust Fund, the owners of the TAPS Fund will be provided a credit against future petroleum excise taxes for their pro rata share of amounts of the TAPS Fund deposited in the Trust Fund.</p>	<p>Restricts claims against the TAPS Fund to those occurring before the enactment of the Trans-Alaska Pipeline System Reform Act of 1989.</p>	<p>Abolishes the TAPS Fund. Makes preexisting claims against the TAPS Fund enforceable against the newly-created compensation fund, transfers the balance of the TAPS Fund to that fund, and gives credits against future petroleum excise taxes to persons that paid into the TAPS Fund.</p>
6. Delegation of Authority to States to Obligate the Fund (sec. 1012(c) of the House bill and sec. 103(c) of the Senate amendment)	No provision.	<p>The President is authorized to delegate the authority to obligate money in the Trust Fund or to settle claims to Federal officials and to States with an adequate program operating under a cooperative agreement with the Federal Government. The President must designate the Commandant of the Coast Guard as a Federal official authorized to obligate the Fund.</p>	<p>Same as House bill, except does not include provision relating to the Coast Guard.</p>